



*APPROVED with corrections by CD Commission 5-25-04*  
**MINUTES – SPECIAL MEETING OF THE  
COMMUNITY DEVELOPMENT COMMISSION**  
**Tuesday, April 6, 2004, City Council Chambers**

**Call to Order:** Chairperson Cobb called the meeting to order at 7:02 p.m.

**Roll Call:** Connie Eldridge called the roll. A quorum was present.

**Commission Members Present:** Fred Cobb, Robert Lewis, Nancy Quisenberry, Anne Heinze Silvis, Umesh Thakkar (by teleconference)

**Commission Members Absent:** Chris Diana, Carl Perry, Joanna Shisler, and Dennis Vidoni

**Others Present:** Bob Grewe, Libby Tyler and Connie Eldridge, Community Development Services; Sheila Ferguson, Provena Behavioral Health; and Katrin Klingenberg, Ecological Construction Laboratory (E-CO LAB).

**Approval of Minutes:** *Chairperson Cobb asked for approval or corrections to the February 24, 2004 minutes. Commissioner Quisenberry moved to approve the corrected minutes, and Commissioner Silvis seconded the motion. The motion carried unanimously.*

**Petitions and Communications:** None.

**Staff Report:** Mr. Grewe announced that Commissioner Thakkar would be available by teleconference until 9:00 p.m.

**Old Business:** None.

**New Business:** **FY 2004-2005 Draft Annual Action Plan** – Mr. Grewe reviewed the updated Version 2.0 of the plan. The following changes were made to the Community Development Block Grant (CDBG) portion:

Neighborhood Organization Grant (NOG) – At the last meeting staff indicated the need to double-check the amount of available funding. Staff recommends funding the Historic East Urbana Neighborhood Association (HEUNA) with \$1,250 of NOG funds. Staff recommends funding the E-CO Lab with \$900 from the CD Sink Fund. This is a resource in which the City maintains a small amount of funding to help with cash flow arrangements due to delays in receiving federal funding. Staff recommends funding United Citizens and Neighbors (UCAN) with \$1,250 using the Crystal Lake Neighborhood Improvement Fund (NIF). Staff recommends funding the Eads Street Development Corporation with \$1,250 from the CD Sink Fund. Mr. Grewe noted that although funding was at a lower level than requested, the amount of CDBG funds were also lower. Chairperson Cobb asked if using the City's Sink Fund would require future payback. Mr. Grewe answered no.

Although the initial amount of funding for Neighborhood Cleanup was \$15,000, staff believes this will cost more and is setting aside \$3,225 from the CD Sink Fund and \$2,750 from the NIF fund.

Public Facilities – Referencing citizens’ concerns about Harvey Street sidewalks at the last meeting, Mr. Grewe noted the sidewalks were included in the initial funding arrangement of \$125,000. Staff has since separately identified the projects to clarify the type of improvements. The FY 2005-2006 Annual Action Plan will also budget an identical amount for these improvements.

Affordable Housing – Staff has identified \$5,000 in CDBG-eligible infrastructure and site preparation work for Habitat for Humanity and recommends funding.

Property Acquisition line item was reduced by \$8,450. \$5,000 was moved to Habitat’s project with \$3,450 moved to Public Service line item. This provides more resources in this category, which is always busy and funds are very tight.

The following changes were made to the HOME section of the Annual Action Plan.

Owner-Occupied Housing Rehabilitation was reduced from \$112,000 to \$84,000, which is a difference of one unit of production. The NIF fund remainder of \$28,000 will be used to rehabilitate one home in the NIF target area. If UCAN decides not to pursue their project from last year, the funds set-aside for this would revert back to the Owner-Occupied Housing Rehabilitation Account.

Habitat for Humanity - \$28,000 reduction from Owner-Occupied Housing Rehabilitation could be used to support housing initiatives referenced in their revised application. Staff recommends providing \$28,000 in HOME funds plus \$5,000 in CDBG funds for a total of \$33,000.

Ecological Construction Laboratory – Staff recommends providing \$25,000 from the New Housing Construction line item and reprogram it for this project.

Affordable Rental Development – Staff has reprogrammed all remaining funds to this line item, which will help create replacement units for Lakeside Terrace. This activity is now funded at \$35,737. This eliminated the New Housing Construction line item.

Mr. Grewe noted that some funding changes were driven by the fact there will be a new five-year Consolidated Plan next year. Also, redevelopment of Lakeside Terrace could use a considerable amount of resources. There were some new activities, for example, Habitat for Humanity has only received lots in the past rather than funding. The E-CO LAB is an interesting energy component. Staff felt if there was a way to fund these and keep other programs nearly the same, it would give an opportunity to pursue some innovations during this window of opportunity. Ms. Tyler added this was a strategic approach to allow other non-profit housing initiatives that are not part of the Lakeside Terrace Redevelopment Plan to proceed in some fashion over the next few years. Staff was trying to creatively make the most use of all funds due to the potential

future impact of Lakeside Terrace. Providing funding this fiscal year will get the other initiatives moving.

Mr. Grewe mentioned Commissioner Vidoni's earlier question about \$260,000 of carryover in CDBG funds. When the projects for the Developmental Services Center and the Center for Women in Transition are completed, Mr. Grewe expected the amount of carryover to be \$60,000, which would be rehabilitation projects that were started but not yet completed.

Commissioner Lewis inquired about public review in consideration of the changes. Mr. Grewe replied in the past the draft budget has been changed over time, and the review time has never covered all of the changes. The two future Council Committee meetings on the draft plan will give additional opportunity for public comment.

In response to Chairperson Cobb, Mr. Grewe said he had heard only from Commissioner Vidoni about the draft budget. Commissioner Lewis wanted to make sure that the public would have an opportunity to review the budget and suggested clarifying the issue of residual funds. He felt staff did an excellent job looking at the alternatives. Commissioner Silvis commented that it was exciting to see new ideas such as energy-efficient construction. She was pleased to support this effort and felt energy conservation will become more important to homeowners over time. She supported the draft Annual Action Plan with these changes.

*Commissioner Silvis moved to recommend to City Council approval of the Draft Annual Action Plan FY 2004-2004 Version 2.0. Commissioner Thakkar seconded the motion. Chairperson Cobb then asked representatives of E-CO LAB if this amount of funding would allow them to proceed with their project. Bob Cook responded that E-CO LAB is actively pursuing several different avenues of funding. Although City funds will be a great step toward making the project happen, at this time he cannot give a definitive answer. The motion carried unanimously.*

**A Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, to Reserve the 2004 Private Activity Bond for the Purpose of Furthering Neighborhood Initiatives** – Mr. Grewe said there were a number of alternatives on how to use the City of Urbana's private activity bond cap. The amount, which is based on population and more dollars per capita, is \$3,059,280. In the past the City of Urbana has offered homebuyer assistance programs and has considered several: *AssistUrbana* by Stern Brothers; First-Time Homebuyer Program, Mortgage Credit Certificates and Home Equity Loan Program (HELP) by Illinois Housing Development Authority.

Staff recommends reserving the bond cap for the purpose of furthering neighborhood initiatives. Last year the City of Champaign chose this option with their bond cap for their Burch Village project. The City of Urbana would reserve the bond cap with the hope of using with the redevelopment of Lakeside Terrace. This financial resource could be in addition or instead of using CDBG and HOME funds. City staff has been in contact with the State of Illinois, and staff is comfortable with this.

The City of Urbana has participated in *AssistUrbana* since 1995, and over 170 families have participated. Stern Brothers has indicated that the City of Urbana could still participate in

*AssistUrbana* even without ceding any bond cap because of Urbana's past participation. Stern Brothers has enough capital to accommodate the anticipated needs of Urbana homebuyers in 2004 but not beyond that.

Staff does not recommend the IHDA Below Market Rate Program because there was limited use. While the Mortgage Credit Certificate program appears to offer more to the homebuyer, it is very involved and does not offer downpayment assistance. The majority of homebuyers seem to need the downpayment assistance; therefore, staff does not recommend it. Last year the City of Urbana ceded funds to the HELP Program, but there was almost no activity. Staff does not recommend this.

Noting that *AssistUrbana* is still available for first-time homebuyers, Commissioner Lewis supported reserving the funds.

*Commissioner Lewis moved to recommend to City Council approval of a Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, to Reserve the 2004 Private Activity Bond for the Purpose of Furthering Neighborhood Initiatives. Commissioner Quisenberry seconded the motion. The motion carried unanimously.*

**An Ordinance Approving Modification to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2003-2004 and FY 2002-2003 Annual Action Plan** – Mr. Grewe noted funding \$130,000 of streetlight improvements was identified in FY 2003-2004 Annual Action Plan. During the implementation of that project, a considerable amount of money from previous years was budgeted and spent on this project. During review of the program, it was realized that the City spent \$130,000 a few weeks before the beginning of the fiscal year. In response to staff's request, the Department of Housing and Urban Development (HUD) recommended amending the Annual Action Plan to show the money in the previous year in which it was spent. During this process and while reconciling accounts, staff identified up to \$130,000 in unobligated funds. These additional funds were buried in property acquisition and carryover that was not reconciled well at staff level and not transferred to the City's Finance Department. Staff realized this was a timely opportunity to purchase a tract of real estate. The amendment proposed to move \$130,000 back into FY 2002-2003 and to reprogram the FY 2003-2004 account from streetlights to property acquisition. Staff has learned a considerable amount about better processes to reconcile the Annual Action Plans and carryover. Staff has drafted language in the memo and attached the Annual Action Plan from each year to show these changes. The property acquisition language is the standard language used in previous Annual Action Plans.

Chairperson Cobb asked if this effort was to put expenditures in the appropriate timeframe. Mr. Grewe answered yes. Commissioner Lewis asked about any negatives and HUD's opinion. Mr. Grewe was not aware of any negatives and added that HUD approved and even recommended this solution.

Considering the carryover funds, Commissioner Lewis asked if staff has learned anything from this process so it will not occur again. Mr. Grewe responded yes. For example, in this year's

Annual Action Plan staff is adding notes to housing rehabilitation funds and changing the reconciliation process.

*Commissioner Thakkar moved to recommend to City Council approval of an Ordinance Approving Modification to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2003-2004 and FY 2002-2003 Annual Action Plan. Commissioner Silvis seconded this. In response to Commissioner Lewis, Chairperson Cobb clarified that this option was staff's recommendation. The motion carried unanimously.*

**Intergovernmental Agreement Regarding Lakeside Terrace Redevelopment** – Ms. Tyler provided copies of the final ordinance as approved by City Council last night. On March 1, 2004 the City Council adopted a resolution clarifying the approach to Lakeside Terrace redevelopment. The resolution included drafting an intergovernmental agreement between the Housing Authority and the City of Urbana. The purpose of the agreement is to set the framework for the redevelopment plan for Lakeside Terrace. The agreement also includes two documents on which the CD Commission provided comments. Ms. Tyler mentioned the input from the joint study sessions, updates on Lakeside Terrace, and Consolidated Plan policies. Ms. Tyler stated there is a need to work together proactively as partners with the Housing Authority. This was the whole idea behind the interagency agreement. The Housing Authority Board and HUD need to review and approve this agreement.

Ms. Tyler reviewed the agreement. The City of Urbana and the Housing Authority will work together using such elements as on-site redevelopment, tax credits, Project-Based Section 8 Vouchers, public housing replacement units, and scattered site housing. Although scattered site element was not mentioned in Section 1, staff knows this to be a fact. Staff has been directed to have a draft redevelopment plan for City Council review by April 12. CD Commissioners will also receive a copy for their comments.

The CD Commission had reviewed and commented on the Section 8 Voucher Plan at its March meeting. The public comment period has since expired. This is the Housing Authority's plan to create additional Project-Based Section 8 Vouchers from their pool of tenant-based vouchers. These can be applied to various replacement units for Lakeside Terrace to insure the units are affordable for an extended period of time. Ms. Tyler noted this plan is the single best vehicle to get this done. The Housing Authority is helping by converting up to 150 Project-Based Vouchers.

The Housing Authority will apply to HUD for replacement housing funds, which may be provided when public housing is demolished. These are different and distinct from the Project-Based Vouchers. These additional units would function as public housing but need to be scattered-site. The Housing Authority estimates this would equal 14 units over a period of 10 years.

Ms. Tyler noted the affordability would be maximized, depending on the type of unit. The City of Urbana would like 20 years of significant affordability.

The comment period on the relocation plan is still open. City Council provided their comments, and the CD Commission is encouraged to provide comments.

Ms. Tyler reviewed the City of Urbana's part of the agreement. The City of Urbana pledges letters of support, zoning and development approvals, and financial support using CDBG and HOME funds and possibly other funds. The City of Urbana has contributed significant staff time to the redevelopment effort. The Annual Action Plan will involve Community Housing Development Organizations (CHDOs) and non-profits providing replacement units. Homestead Corporation and Urban League will be partners for this redevelopment plan. Ms. Tyler noted that Homestead and Urban League have CHDO designation, which will make maximum use of HOME funds. Brinshore Development has selected Homestead as a development partner.

Ms. Tyler noted all elements are in some stage of development. There is confidence on both sides to move ahead. Commissioner Lewis commented that the project has come a long way from the initial meeting. He felt the agreement looked good and addressed all concerns.

Referencing relocation of families, Commissioner Quisenberry asked about the impact on the Urbana School District and if the Urbana School District has been in these discussions. Ms. Tyler answered that although the City of Urbana is interested in the relocation, the Housing Authority is meeting with the tenants. The Uniform Relocation Act requires the Housing Authority to provide vouchers and assistance and to work with the families to smooth the transition. City staff has been in contact with the Urbana School District. The biggest impact will be to move away from the concentration of poverty. This redevelopment plan does this by creating mixed income units and scattered sites. The philosophy is that this will create a better atmosphere for children to succeed.

Commissioner Quisenberry remarked that families could be scattered throughout the county, not just Urbana schools. Commissioner Lewis added that families may move to other parts of the United States. Ms. Tyler noted that all residents would be entitled to relocation vouchers that would travel anywhere. The on-site replacement units cannot exceed 25% density of public housing units. Scattered sites also cannot go above 25% density. Ms. Tyler said one element of the plan is the 33 single-family homes throughout the county. The residents need proximity to schools, employment, transit, which could be in many different locations.

Chairperson Cobb asked whether the Housing Authority has received funds for demolition and how much. Ms. Tyler answered the Housing Authority's application in January failed because not all of the paperwork arrived at the same time. Also, the City Council was concerned there was not a plan in place and felt the application was premature. After the plan is in place, the Housing Authority will resubmit the demolition application during the next funding window. In the meantime, the Housing Authority will move ahead with the demolition and redevelopment of Burch Village. Ms. Tyler anticipated the demolition of Lakeside Terrace may be in 2005. She noted the Housing Authority needs the demolition funds to proceed. The on-site redevelopment is predicated on the tax credits, which is a competitive process through IHDA. The Housing Authority needs HUD approval on their Section 8 and Relocation Plans. There are many different funding sources and different elements that require decisions by IHDA, the Federal Home Loan Bank, and other institutions.

Commissioner Lewis clarified that HUD requests the demolition process be done in advance. The Housing Authority has put in place that request for several years. He felt this is just a matter of timing when they will receive funds.

**City Comments on the Lakeside Terrace Relocation Plan Prepared by the Housing Authority of Champaign County** – Mr. Grewe distributed a memo that included comments from City Council. Regarding the Section 8 Administrative Plan, there is a provision that the lease for the Project-Based assisted units should consider a “good cause for termination” provision. City Council felt this would be helpful for those persons using Section 8 Project-Based vouchers. This is a similar arrangement to the structure of public housing leases.

There is a provision to include CHDOs as a criterion in evaluating applications, responses or proposals for Section 8 Project-Based Vouchers. It is recommended that a CHDO receive 40 points. Also, applicants should not have had any citations from the City of Urbana for property maintenance or building code violations. If so, these citations must have been quickly remedied.

Under tenant selection, staff noted that 75% of the project-based subsidies will go to persons whose incomes are below 30% Median Family Income (MFI). The question is would 25% of the units would go to persons whose incomes are over 30% MFI. If that is the case, those units rented to persons over 30% should not be considered replacement units. Commissioner Lewis commented that, considering the number of units, the designation almost becomes irrelevant. This project is just one portion of the plan. Mr. Grewe added that the project-based vouchers will be a key resource.

Mr. Grewe noted the underlined text was an addition to the plan. The first comment concerned clarifying the residents’ expectations. There was an early concern that some residents might not be able to return, and then there was dialog that some could return. Staff would like this clearly defined.

City Council recommended that the relocation plan include a statement of non-discrimination and also include the specific provisions of the City of Urbana’s Civil Rights Ordinance. In response to Commissioner Lewis, Mr. Grewe said the City of Urbana’s Civil Rights Ordinance would be the most stringent. However, there has been dialog about how this would apply to other units of government, such as the Housing Authority. The City’s ordinance would apply to private interests in Urbana. Ms. Tyler believed that if the City of Urbana provided funding, this would trigger the City’s requirements. She thought the Section 8 acceptance would be one item that would be more stringent locally. Commissioner Lewis said the federal government would definitely look at how federal funds are being used. An agency must comply with federal regulations in order to use federal dollars. Ms. Tyler agreed.

The comment period on this relocation plan expires April 15. Mr. Grewe encouraged commissioners to submit comments to the Housing Authority. Chairperson Cobb asked if the City of Urbana was anticipating a written response. Mr. Grewe anticipated answers to the City’s questions; however, like many government reviews, comments are considered and incorporated

as the agency deems appropriate. Chairperson Cobb stated these were good questions and comments.

Commissioner Thakkar asked if there would be any future site visits or joint study sessions with City Council. If so, he requested these be scheduled on the same date as regular Community Development Commission meetings. Mr. Grewe answered there were no plans at this time. Discussion continued on the type of site visit, time, and having a boxed dinner.

Referencing housing issues, Commissioner Thakkar asked if the CD Commission could meet with a similar group from the City of Champaign to discuss common themes. Mr. Grewe thought this would be of interest as the City of Urbana prepares its new Consolidated Plan. The HOME Consortium would be involved in this. Discussion continued on whether the City of Champaign had a commission or an advisory group. Ms. Tyler added that there have been joint plan commission and historic preservation meetings. If there was such a group, she felt it would be worthwhile to meet. Commissioner Lewis remarked that Champaign and Urbana have two different forms of government.

**Adjournment:** Chairperson Cobb adjourned the meeting at 8:12 p.m.

Recorded by Connie Eldridge

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